

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11  
: :  
MOTORS LIQUIDATION COMPANY, *et al.*, : Case No. 09-50026 (REG)  
f/k/a General Motors Corp., *et al.* :  
: (Jointly Administered)  
Debtors. :  
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**NOTICE OF FILING OF ANNUAL REPORT AND ACCOUNT OF THE  
MLC ASBESTOS PI TRUST FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011**

The MLC Asbestos PI Trust (the "Trust") hereby files its Annual Report, Financial Statements, and Claims Summary for the fiscal year ending December 31, 2011. The Annual Report and Financial Statements are attached hereto as Exhibit 1.

Pursuant to the provisions of the MLC Asbestos PI Trust Agreement (the "Trust Agreement"), the Trust is providing copies of the Annual Report and the Financial Statements to the Trust Advisory Committee, the Future Claims Representative, and the Office of the United States Trustee.

Dated: New York, New York  
April 30, 2012

KLESTADT & WINTERS, LLP  
Counsel to the MLC Asbestos PI Trust

By: /s/Patrick J. Orr  
Patrick J. Orr  
Brendan M. Scott  
570 Seventh Avenue, 17th Floor  
New York, New York 10018  
Tel: (212) 972-3000  
Fax: (212) 972-2245

CAMPBELL & LEVINE, LLC  
Counsel to the MLC Asbestos PI Trust  
Kathleen Campbell Davis  
800 N. King Street, Suite 300  
Wilmington, DE 19801  
Tel. 302.426.1900  
Fax 302.426.9947

Douglas A. Campbell  
Stanley E. Levine  
1700 Grant Building  
Pittsburgh, PA 15219  
Tel. 412.261.0310  
Fax 412.261.5066

# EXHIBIT 1

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re:

MOTORS LIQUIDATION COMPANY, *et al.*,  
f/k/a General Motors Corp., *et al.*  
  
Debtors.  
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: Chapter 11  
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: Case No. 09-50026 (REG)  
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ANNUAL REPORT AND ACCOUNT OF THE  
MLC ASBESTOS PI TRUST  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011

Kirk Watson, the Asbestos Trust Administrator and Trustee of the MLC Asbestos PI Trust (the “Trust”), created pursuant to the Debtors' Second Amended Joint Chapter 11 Plan (the “Plan”) submits this Annual Report, Financial Statements, and Claims Summary for the fiscal year ending December 31, 2011.

I. INTRODUCTION

The purpose of this Annual Report is to fulfill the reporting requirements of the MLC Asbestos PI Trust Agreement (the “Trust Agreement”) and to report to the Court on the actions taken by the Trustee on behalf of the Trust during the period January 1, 2011 to December 31, 2011 (the “Reporting Period”).

Section 2.2(c) of the Trust Agreement provides:

The Trustees shall timely account to the Bankruptcy Court as follows:

- (i) The Trustee shall cause to be prepared and filed with the Bankruptcy Court, as soon as available, and in any event within one hundred and twenty (120) days following the end of each fiscal year, an annual report (the “Annual Report”) containing financial statements of the PI Trust (including, without limitation, a balance sheet of the PI Trust as of the end of such fiscal year and a statement of operations for such fiscal year) audited by a firm of independent certified public accountants selected by the Trustee and accompanied by an opinion of such firm as to the fairness

of the financial statements' presentation of the cash and investments available for the payment of claims and as to the conformity of the financial statements with generally accepted accounting principles. The Trustee shall provide a copy of such Annual Report to the TAC and the Futures Representative when such reports are filed with the Bankruptcy Court.

- (ii) Simultaneously with the filing of the Annual Report, the Trustee shall cause to be prepared and filed with the Bankruptcy Court a report containing a summary regarding the number and type of claims disposed of during the period covered by the financial statements. The Trustee shall provide a copy of such report to the TAC and the Futures Representatives when such report is filed.
- (iii) All materials required to be filed with the Bankruptcy Court by this Section 2.2(c) shall be available for inspection by the public in accordance with procedures established by the Bankruptcy Court and shall be filed with the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee").

The Trust Agreement further provides for the inclusion of a description of the amounts paid to the Trustees, TAC, and FCR in the accounts filed with the Bankruptcy Court. See Sections 4.5(c), 5.6, and 6.5.

## II. BACKGROUND

On June 1, 2009,<sup>1</sup> Motors Liquidation Company ("MLC") and its affiliated debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. § 101, *et seq.* in the United States District Court for the Southern District of New York (the "Bankruptcy Court"). On March 29, 2011, the Bankruptcy Court entered an order confirming the Plan. On March 31, 2011 (the "Effective Date"), the Plan became effective and the Trustee began to operate the Trust.

The purpose of the Trust is to assume the liabilities of MLC and its affiliated debtors for all Asbestos Personal Injury Claims, as defined in the Plan, and to use the Trust's assets and the

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<sup>1</sup> Remediation and Liability Management Company, Inc. and Environmental Corporate Remediation Company, Inc filed voluntary petitions on October 9, 2009.

proceeds and income from such assets to pay both present and future asbestos claimants in accordance with the Trust Agreement and the Trust Distribution Procedures (the “Trust Documents”), in such a way that holders of Asbestos Personal Injury Claims are treated fairly, equitably, and reasonably in light of the finite assets available to satisfy such claims.

On or after the Effective Date, the Trust was funded as provided for in Section 6.3 (d) of the Plan and the Stipulation and Order Fixing Asbestos Trust Claim and Resolving Debtors' Estimation Motion approved by this Court on February 14, 2011.

### III. TRUST ADMINISTRATION

#### A. Trustees

Kirk Watson served as the sole Trustee of the Trust during the Reporting Period.

##### 1. Meetings

During the Reporting Period, the Trustee did all of the substantial work required to begin operation of the Trust. The Trustee held formal meetings in accordance with the requirements of the Trust Agreement. Each meeting was attended by representatives of the Trust Advisory Committee and the Future Claims Representative. In addition to these formal meetings, the Trustee met individually with Trust advisors, held special purpose meetings, and devoted considerable time to Trust matters outside of scheduled meetings. Activities included receiving and deploying trust assets with investment managers, ensuring compliance with the Trust Documents, communicating with claimants, and designing and implementing processes to receive, process, and pay claims pursuant to the Trust Distribution Procedures.

##### 2. Compensation

The compensation and expenses paid to the Trustee during the Reporting Period are set forth in the Trust's financial statements attached hereto as Exhibit “A.” The inclusion of this

information in the Trust's financial statements satisfies the requirements of Section 4.5 of the Trust Agreement. All distributions related to Trustee compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines.

B. Trust Officers

Analysis Research Planning Consulting ("ARPC") served as the Trust's Executive Director during the Reporting Period.

C. Trust Advisory Committee

Steven Kazan, John Cooney, and Perry Weitz served as Members of the Trust Advisory Committee ("TAC Members") during the Reporting Period. The compensation and expenses paid to the TAC Members during the Reporting Period are set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 5.6 of the Trust Agreement. All distributions related to TAC Member compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines.

D. Legal Representative for Future Claimants

Hon. Dean M. Trafelet (Ret.) served as the Legal Representative for Future Claimants (the "FCR") during the reporting period. The compensation paid to the FCR during the Reporting Period is set forth in the Trust's financial statements. The inclusion of this information in the Trust's financial statements satisfies the requirements of Section 6.5 of the Trust Agreement. All distributions related to FCR compensation and expense reimbursements were made in accordance with the Trust Agreement guidelines.

E. Claims Processing

The Trust engaged MFR Claims Processing, Inc. as claims processor for the Trust, but did not process any claims, during the Reporting Period.

F. Investment Management

Cambridge Associates, LLC of Boston, Massachusetts served as the Trust's investment advisor. Cambridge Associates represents other asbestos settlement trusts and has experience advising such trusts regarding investment management. Cambridge Associates advises the Trustee on the single stock holding/warrants, asset allocation, meeting liquidity needs, and the selection and oversight of individual investment managers for the investable portions of the Trust's portfolio. The Trust Agreement sets forth certain general investment guidelines, primarily addressing credit quality and asset diversification. In accordance with the recommendation of Cambridge Associates, the currently anticipated liquidity needs, and the Trust's status as a "Qualified Settlement Fund" under Section 468B of the Internal Revenue Code, the Trust's investable assets are generally allocated among investment categories in the following approximate percentages at year-end 2011: 48% of the Trust's assets are in GM stock or GM warrants, of which 2% are in GM stock and 46% are in GM warrants. 28% are invested in municipal bonds, 2% to hedge funds, and the remaining 22% of the Trust's assets are held in cash or equivalents (short-term U.S. Treasuries or a U.S. Treasury money market fund).

After consultation with Cambridge Associates, the Trust retained Income Research & Management as a municipal bond manager in 2011. In addition, Force Capital and Taconic Capital were retained as hedge fund managers in 2011.

During the reporting period, the Trustee regularly met with Cambridge Associates to review investment performance and strategy, as well as to receive an update on the current market environment.

G. General Counsel

Campbell & Levine, LLC of Pittsburgh, Pennsylvania and Wilmington, Delaware served as general counsel to the Trust.

IV. ANNUAL REPORT AND ACCOUNT

A. Summary of Claims

As of December 31, 2011, the Trust was preparing for operation and had not begun to accept claims for processing.

B. Financial Information

The Trust's audited financial statements for the Reporting Period are attached hereto as Exhibit "A." The financial statements were audited by Argy, Wiltse & Robinson, LLC.

Date: April 30, 2012

KLESTADT & WINTERS, LLP  
Counsel to the MLC Asbestos PI Trust

By: /s/Patrick J. Orr  
Patrick J. Orr  
Brendan M. Scott  
570 Seventh Avenue, 17th Floor  
New York, New York 10018  
Tel: (212) 972-3000  
Fax: (212) 972-2245

CAMPBELL & LEVINE, LLC  
Counsel to the MLC Asbestos PI Trust  
Kathleen Campbell Davis  
800 N. King Street, Suite 300  
Wilmington, DE 19801  
Tel. 302.426.1900  
Fax 302.426.9947

Douglas A. Campbell  
Stanley E. Levine  
1700 Grant Building  
Pittsburgh, PA 15219  
Tel. 412.261.0310  
Fax 412.261.5066